

## 1.0. Office of Recovery Services

The Office of Recovery Services (ORS) is responsible for collecting funds owed to the State from individuals receiving Social Services and Medical Assistance services. The Office collects support payments from a non-custodial parent for the custodial parent. If the custodial parent is receiving public assistance, the child support payments are used to reimburse the State and Federal Government for this assistance. If the State has custody of the child, the non-custodial parents are required to pay child support to the State. Federal law requires the Office to also provide child support collection services to families not receiving public assistance.

### 1.1 Financial Summary

The Analyst recommends a total appropriation of \$39.3 million for ORS for FY 2000. This includes \$11.9 million from the General Fund, with most of the balance coming from federal sources.

	FY 1998	FY 1999	FY 2000	FY 00-99
<b>Financing</b>	<b>Actual</b>	<b>Authorized</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$11,016,000	\$11,935,300	\$11,879,300	(\$56,000)
Federal Funds	22,565,121	24,460,800	23,985,800	(475,000)
Dedicated Credits	847,530	900,000	899,900	(100)
Transfers	2,876,102	2,941,800	2,544,100	(396,600)
Beginning Nonlapsing		100,000		(100,000)
Ending Nonlapsing	(100,000)			
Lapse	(1,677,029)			
<b>Total Revenues</b>	<b>\$35,527,724</b>	<b>\$40,337,100</b>	<b>\$39,309,100</b>	<b>(\$1,028,000)</b>
FTEs		585.6	588.6	3.0
<b>Expenditures</b>				
Personal Services	\$21,552,472	\$25,557,100	\$25,680,900	\$123,800
In-state Travel	40,849	41,700	42,300	600
Out-of-State Travel	16,735	30,100	30,100	0
Current Expense	7,034,724	7,124,500	7,298,100	173,600
Data Proc. Current Exp.	6,819,544	7,503,700	6,170,500	(1,333,200)
DP Capital Outlay			7,200	7,200
Capital Outlay	63,400	80,000	80,000	0
<b>Total Expenditures</b>	<b>\$35,527,724</b>	<b>\$40,337,000</b>	<b>\$39,309,100</b>	<b>(\$1,028,000)</b>
<b>Programs</b>				
Administration	\$700,417	\$1,030,400	\$1,032,400	\$2,000
Financial Services	3,762,894	4,100,700	4,152,800	52,100
Electronic Technology	7,686,544	9,102,800	7,765,600	(1,337,200)
Child Support Services	16,717,172	20,096,500	20,191,200	94,700
Investigations & Collections	3,965,531	3,151,900	3,311,400	159,500
Attorney General Contract	2,695,166	2,854,800	2,855,700	900
<b>Total</b>	<b>\$35,527,724</b>	<b>\$40,337,100</b>	<b>\$39,309,100</b>	<b>(\$1,028,000)</b>

## 2.0 Office of Recovery Services Budget Highlights

The Analyst's FY 2000 recommendation includes reductions for rate adjustments by the State's internal service funds and revised revenue estimates of non-State funds. It also reflects transfers of staff (and funding) from the Division of Child and Family Services (DCFS) and the Division of Youth Services (DYC).

	<b>General Fund</b>	<b>Total Funds</b>
<b>Authorized FY 1999</b>	<b>\$11,935,300</b>	<b>\$40,337,100</b>
<b>Transfers, Adjustments</b>		
Rent reallocation - 2nd West	\$600	\$1,900
Transfer from DCFS	31,300	92,000
Transfer from DYC	25,900	76,200
Other FY00 revised funding estimates		(756,000)
<b>FY 2000 Building Blocks</b>		
ISF adjustments	(153,100)	(540,400)
Rental/lease increases	39,300	98,300
<b>Total Building Blocks &amp; Adjustments</b>	<b>(\$56,000)</b>	<b>(\$1,028,000)</b>
<b>Total FY 2000 Budget Recommendation</b> (Without Compensation Adjustment)	<b>\$11,879,300</b>	<b>\$39,309,100</b>

## 2.1 Transfers From Other Divisions

The FY 2000 ORS budget includes two transfers of staff and resources. These include General Fund transfers of \$31,300 from DCFS and \$25,900 from DYC. These funds, and related federal draw-downs, will fund three agents in ORS to increase child support collection activities on behalf of these two divisions.

**3.0 Office of Recovery Services**

The Office of Recovery Services' is organized into six budget programs or bureaus: Administration, Financial Services, Electronic Services, Child Support Services, Investigations and Collections, and the Attorney General Contract.

**3.0.1 Office of Recovery Services - Intent Language**

The 1998 Legislature included the following intent language in the FY 1999 Appropriations Act:

*“It is the intent of the Legislature that the Office of Recovery Services maintain a process for response to constituent complaints in a timely manner, and attempt to resolve those complaints within the provisions and limitations of state and federal law.”*

The Division has “Customer Service Units” in each regional office to respond to inquiries from both custodial and non-custodial parents and other interested parties. These units follow up on referrals to resolve issues with case agents. Each region also has a “Quality Assurance Specialist” whose main functions are training, audit, and resolution of constituent complaints not resolved at the agent or team manager level. If resolution is not reached at the “Quality Assurance” level, the Management Audit Unit of the Director’s Office becomes involved. The Director tracks responses by the assigned Quality Assurance office for timeliness of resolution.

**3.1 ORS: Administration**

The Administration Bureau is responsible for managerial oversight and leadership of the Office of Recovery Services and its programs. This Bureau includes the ORS Director and staff, clerical support, personnel management, central training, management auditing, contract management, planning and resource development, public information and constituent affairs.

**3.1.1 Administration Budget Recommendations**

The recommended FY 2000 budget for Administration programs is approximately \$1.0 million, including \$321,000 from the General Fund. It includes minor adjustments for rent reallocation of space used at the 2<sup>nd</sup> West Department Facilities in Salt Lake City.

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 00-99</b>
<b>Funding Source</b>	<b>Actual</b>	<b>Authorized</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$169,760	\$317,100	\$321,000	\$3,900
Federal Funds	489,745	640,500	638,500	(2,000)
Revenue Transfers	68,296	72,800	72,900	100
Beginning Nonlapsing				
Ending Nonlapsing	(1,541)			
Lapse	(25,843)			
<b>Total Revenues</b>	<b>\$700,417</b>	<b>\$1,030,400</b>	<b>\$1,032,400</b>	<b>\$2,000</b>
FTEs		16.5	16.5	0.0
<b>FY 2000 Adjustments</b>				
Rent reallocation - 2nd West			\$1,900	
ISF adjustments			100	
<b>Total Adjustments</b>			<b>\$2,000</b>	

### 3.2 ORS: Financial Services

Financial Services has responsibility for budgetary and financial services for the Division, including check processing and other financial transactions, federal reporting requirements, budget development, purchasing, agency services, facilities management and accounting. The largest section of the staff is responsible for researching, posting, distributing, and disbursing funds collected. Last year, the Accounting Unit processed more than 40,000 child support checks each month and processed more than \$121 million in collections.

#### 3.2.1 Financial Services - Budget Recommendations

The Analyst's FY 2000 budget recommendation totals \$4.2 million, including \$1.3 million from the General Fund. This includes a reduction for the impact of rate changes by the State's internal service funds, and some shifting of funds between programs within the Division.

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 00-99</b>
<b>Funding Source</b>	<b>Actual</b>	<b>Authorized</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$1,155,916	\$1,274,000	\$1,305,000	\$31,000
Federal Funds	2,432,495	2,508,500	2,525,600	17,100
Revenue Transfers	360,948	318,200	322,200	4,000
Beginning Nonlapsing				
Ending Nonlapsing	(10,493)			
Lapse	(175,972)			
<b>Total Revenues</b>	<b>\$3,762,894</b>	<b>\$4,100,700</b>	<b>\$4,152,800</b>	<b>\$52,100</b>
FTEs		36.0	36.0	0.0
<b>FY 2000 Adjustments</b>				
ISF adjustments			(\$33,900)	
Other FY00 revised funding estimates			86,000	
<b>Total Adjustments</b>			<b>\$52,100</b>	

### 3.3 ORS: Electronic Services

This bureau is responsible for the operation and maintenance of the Office of Recovery Services Information System (ORSIS), client server subsystems and LAN support. It is responsible for coordinating efforts with the Department of Human Services Bureau of Information Technology and the State Information Technology Office. Electronic Services is also responsible for the telecommunications needs of ORS.

#### 3.3.1 Electronic Services Budget Recommendations

The Analyst recommends \$7.8 million (including \$2.3 million from the General Fund) for this program for FY 2000. This reduction from the FY 1999 budget is due to the impact of reduced rates charged by the State Information Technology internal service fund and from revised revenue estimates from federal sources. It also includes some shifting of funds between programs in the Division.

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 00-99</b>
<b>Funding Source</b>	<b>Actual</b>	<b>Authorized</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$1,672,690	\$2,603,300	\$2,338,200	(\$265,100)
Federal Funds	5,717,628	5,559,500	4,984,000	(575,500)
Revenue Transfers	566,053	840,000	443,400	(396,600)
Beginning Nonlapsing		100,000		(100,000)
Ending Nonlapsing	(15,184)			
Lapse	(254,643)			
<b>Total Revenues</b>	<b>\$7,686,544</b>	<b>\$9,102,800</b>	<b>\$7,765,600</b>	<b>(\$1,337,200)</b>
FTEs		28.0	28.0	0.0
<b>FY 2000 Adjustments</b>				
ISF adjustments			(\$494,500)	
Other FY00 revised funding estimates			(842,700)	
<b>Total Adjustments</b>			<b>(\$1,337,200)</b>	

### 3.4 ORS: Child Support Services

Child Support Enforcement is the largest activity in the Office of Recovery Services, both in terms of staff and in amounts collected. It is responsible for the management of the Title IV-D Child Support Enforcement program for the State which is required by Federal law and for the State to receive the Title IV-A (TANF) block grant. The primary purpose of the program is to increase family income through collection of child support. Combined with other income, this will assist families to become self-sufficient or prevent the need for public assistance. The Bureau is also responsible for collection of child support payments in behalf of children in State custody.

In 1994, federal law required that all new child support orders have income withholding provisions. A processing fee is charged to help pay the increased costs. Unlike current enforcement activities, the bulk of which is federally funded, no federal financial participation is available for this program.

#### 3.4.1 Child Support Services Budget Recommendations

The Analyst recommends \$20.2 million (including \$5.7 million from the General Fund) for Child Support Services for FY 2000. The recommendation includes a funding increase of \$98,300 (\$39,300 General Fund) for the contractual lease increase on the Division's office space. It also reflects a reduction for the impact of changed internal service fund rates, and some minor shifting of funds between programs in the Division.

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 00-99</b>
<b>Funding Source</b>	<b>Actual</b>	<b>Authorized</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$5,562,894	\$5,578,700	\$5,676,000	\$97,300
Federal Funds	11,204,003	13,570,900	13,568,400	(2,500)
Dedicated Credits	847,530	900,000	899,900	(100)
Revenue Transfers	115	46,900	46,900	
Beginning Nonlapsing				
Ending Nonlapsing	(50,498)			
Lapse	(846,872)			
<b>Totals</b>	<b>\$16,717,172</b>	<b>\$20,096,500</b>	<b>\$20,191,200</b>	<b>\$94,700</b>
FTEs		432.6	432.6	0.0
<b>FY 2000 Adjustments</b>				
ISF adjustments			(\$3,500)	
Other FY00 revised funding estimates			(100)	
Rental/lease increases			98,300	
<b>Total Adjustments</b>			<b>\$94,700</b>	

### 3.4.2 ORS/DWS Child Support Intake Workers

In 1998, the Office of Recovery Services was authorized to place staff in the employment offices of the Department of Workforce Services (DWS) to take over child support intake for public assistance recipients from DWS. The purpose of this shift is to speed up the process of the recovering child support funds for both the State and Federal Governments. The Legislature authorized DWS to transfer funds to ORS for 23 staff workers. This program shift has worked well, but only covers 11 employment centers along the Wasatch Front. The Division requests funding (\$150,000 General Funds plus \$291,500 in Federal matching funds) for eight additional FTEs to take over this function in other DWS offices around the State. DWS is unable to fund additional FTEs for the Office of Recovery Services for this process. Due to limited resources, the Analyst was unable to include this budget increase in the FY 2000 recommendations.

### 3.5 ORS: Investigations and Collections

The Bureau of Investigations and Collections is responsible for a number of collection and cost avoidance programs for the Departments of Health and Human Services. These include investigation of suspected welfare overpayments or fraud, medical repayment programs, food stamp repayments, State Hospital collections, child support fraud, etc.

#### 3.5.1 Investigations and Collections Budget Recommendations

The Analyst recommends \$3.3 million (\$1.4 million from General Funds) for this program for FY 2000. The recommendation includes transfers of three FTEs and related resources from DCFS and DYCS and a reduction reflecting changes in rates charged by the State's internal service funds.

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 00-99</b>
<b>Funding Source</b>	<b>Actual</b>	<b>Authorized</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$1,656,976	\$1,307,600	\$1,375,100	\$67,500
Federal Funds	880,441	341,300	437,200	95,900
Revenue Transfers	1,695,407	1,503,000	1,499,100	(3,900)
Beginning Nonlapsing	0		0	0
Ending Nonlapsing	(15,042)			0
Lapse	(252,251)	0		0
<b>Totals</b>	<b>\$3,965,531</b>	<b>\$3,151,900</b>	<b>\$3,311,400</b>	<b>\$159,500</b>
FTEs		72.5	75.5	3.0
<b>FY 2000 Adjustments</b>				
ISF adjustments			(\$8,700)	
Transfer from DCFS			92,000	
Transfer from NYC			76,200	
Other FY00 revised funding estimates			0	
<b>Total Adjustments</b>			<b>\$159,500</b>	

### 3.5.2 Transfers From Other Divisions

The FY 2000 ORS budget includes two transfers of staff and resources. These include General Fund transfers of \$31,300 from DCFS and \$25,900 from NYC. These funds, plus estimated related federal draw-downs of \$60,700 and \$50,300, respectively, will fund three agents in ORS to increase child support collection activities on behalf of these two divisions. It is expected that increased collections will more than cover the loss of these funds in DCFS and NYC.

### 3.6 ORS: Attorney General Contract

ORS contracts with the Attorney General's Office for legal service to enforce collection efforts in the areas of child support and collections. While on the Attorney General's staff and payroll, these attorneys and related staff are housed in ORS offices. The AG Office bills ORS monthly for the actual number of attorneys at ORS and time they spend on ORS matters. The contract with the AG's office is adjusted annually to match compensation increases given other state employees.

### 3.6.1 Attorney General Contract Budget Recommendations

The Analyst is recommending a budget of \$2.9 million for FY 2000. This includes \$864,000 from the General Fund. The recommendation has been adjusted for some minor revenue estimate changes, internal funding shifts between programs, and changes in the State's internal service fund rates.

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 00-99</b>
<b>Funding Source</b>	<b>Actual</b>	<b>Authorized</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$797,763	\$854,600	\$864,000	\$9,400
Federal Funds	1,840,809	1,840,100	1,832,100	(8,000)
Revenue Transfers	185,284	160,100	159,600	(500)
Beginning Nonlapsing				
Ending Nonlapsing	(7,242)			
Lapse	(121,448)			
<b>Totals</b>	<b>\$2,695,166</b>	<b>\$2,854,800</b>	<b>\$2,855,700</b>	<b>\$900</b>
FTEs		0.0	0.0	0.0
<b>FY 2000 Adjustments</b>				
ISF adjustments			\$100	
Other FY00 revised funding estimates			800	
<b>Total Adjustments</b>			<b>\$900</b>	

### 3.6.2 Special Salary Adjustment for Attorneys General

The 1998 Legislature appropriated \$500,000 to address salary problems in the Attorney General's Office. These funds were used to grant attorneys an average 7.7 percent salary increase above the average salary increase for other State employees. However, the 23 attorneys working for the Office of Recovery Services, whose funding comes through a contract with ORS, did not receive this adjustment as ORS did not receive funds to increase its contract. The Office requested \$37,000 from the General Fund for FY 2000 to fund an increase in their contract reflecting these attorney salary increases. Due to limited resources, the Analyst was unable to fund this request in his FY 2000 recommendations.



## 4.0 Tables

### 4.1 Funding History

	<b>FY 1995</b>	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Funding</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Authorized</b>	<b>Analyst</b>
General Fund	\$0	\$11,848,200	\$12,049,700	\$11,016,000	\$11,935,300	\$11,879,300
Federal Funds	20,941,300	22,234,500	22,740,100	22,565,121	24,460,800	23,985,800
Dedicated Credits	10,164,100			847,530	900,000	899,900
Transfers	2,250,300	1,945,900	2,063,600	2,876,102	2,941,000	2,544,100
Beginning Nonlapsing	794,200	456,400			100,000	
Ending Nonlapsing	(456,400)			(100,000)		
Lapse		(385,500)	(2,053,300)	(1,677,029)		
<b>Totals</b>	<b>\$33,693,500</b>	<b>\$36,099,500</b>	<b>\$34,800,100</b>	<b>\$35,527,724</b>	<b>\$40,337,100</b>	<b>\$39,309,100</b>
<b>FTEs</b>				571.0	585.6	588.6
<b>Programs</b>						
Administration	\$2,802,200	\$2,966,100	\$492,900	\$700,417	\$1,030,400	\$1,032,400
Management Services	3,622,900					
Financial Services	3,550,000	4,074,100	3,598,000	3,762,894	4,100,700	4,152,800
Electronic Technology		6,635,200	8,520,400	7,686,544	9,102,800	7,765,600
Child Support Svc	12,865,300	13,981,100	15,494,400	16,717,172	20,096,500	20,191,200
Investigations / Collections	3,652,700	3,550,100	3,838,000	3,965,531	3,151,900	3,311,400
Attorney General Contract		193,000	2,856,400	2,695,166	2,854,800	2,855,700
Training and Audit	257,000					
Data Development	6,943,400	4,699,900				
<b>Totals</b>	<b>\$33,693,500</b>	<b>\$36,099,500</b>	<b>\$34,800,100</b>	<b>\$35,527,724</b>	<b>\$40,337,100</b>	<b>\$39,309,100</b>
<i>Percent Change</i>		7.14%	-3.60%	2.09%	13.54%	-2.55%

### 4.2 Federal Funds

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Source</b>	<b>Actual</b>	<b>Authorized</b>	<b>Analyst</b>
Title IVD Child Support	<b>\$22,565,121</b>	<b>\$24,460,800</b>	<b>\$23,985,800</b>
State Fund Match	<b>\$14,892,900</b>	<b>\$16,144,100</b>	<b>\$15,830,600</b>